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C O N F I D E N T I A L SECTION 01 OF 02 HONG KONG 002128

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DEPARTMENT FOR EAP, EAP/CM
LABOR FOR ILAB
NSC FOR DENNIS WILDER, KURT TONG

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TAGS: [ELAB](#) [PGOV](#) [PINR](#) [PHUM](#) [SOCI](#) [CH](#) [HK](#)

SUBJECT: HONG KONG BAR-BENDER STRIKE TURNS POLITICAL

Classified By: Acting E/P Section Chief Jeff Zaiser; Reason 1.4 (d)

Summary and Comment

¶1. (C) More than 1,000 Hong Kong "bar-benders" (metal workers) went on strike August 8, demanding higher pay and shorter work hours. Over the weekend they scuffled with police while conducting an unauthorized demonstration. Since then, the labor dispute has escalated into a conflict between Hong Kong's two major labor organizations, the pro-Beijing Federation of Trade Unions (FTU) and the pro-democracy Confederation of Trade Unions (CTU). The workers, dissatisfied with the FTU's failure to consult them during the negotiations, apparently have shifted their allegiance to the CTU. As of August 15, the strike was in its seventh day and reportedly had affected about sixty construction sites; neither side appeared willing to compromise. CTU Secretary General Lee Cheuk-yan told us that the negotiations were deadlocked, the workers felt betrayed by the FTU, and the strike had become a broader battle between the CTU and the FTU for worker allegiance. He expected the strike would continue for at least another week. End Summary.

¶2. (C) Comment: The FTU, which has long enjoyed support from most construction workers, probably was eager to settle the dispute quickly to preclude intervention by the CTU, its political rival. The two organizations have been divided for several years on the issue of a minimum wage law, which the CTU actively supports while the FTU -- in deference to the Hong Kong Government (HKG) and the central government in Beijing -- attempts to play down. In addition to this political dimension, the inability of the concerned parties to settle their dispute also reflects Hong Kong's lack of collective bargaining procedures and its undeveloped mechanisms for labor-management relations. The HKG has tried to remain a neutral mediator between the workers and employers and to stay out of the contest between the FTU and CTU, but it probably also fears that meeting the workers' demands might provoke strikes by other relatively low-paid and disgruntled labor groups. End Comment.

Negotiations Break Down

¶3. (SBU) More than 1,000 Hong Kong "bar-benders" (metal workers and welders, mostly on construction projects) went on strike August 8, demanding higher pay and shorter work hours. Several hundred of them demonstrated in front of the Central Government Offices (CGO) and Government House (residence and office of the Hong Kong Chief Executive). They demanded that CE Donald Tsang and Secretary for Labor and Welfare Matthew

Cheung assist them to obtain a better offer from the Hong Kong Bar-Bending Contractors Association (HKBCA), a group of 38 companies with which they had been negotiating unsuccessfully. The 300,000-member, pro-Beijing FTU has represented the roughly 5,000 workers in the negotiations, but the workers became disgruntled when the FTU accepted a daily wage offer from the HKBCA of HKD 850 (USD 109) for an eight and one-quarter hour work day. At present, the workers are paid HKD 500-600 (USD 64-77) per day for nine hours of work. The workers claim their wages were cut from HKD 1,200 during the economic recession ten years ago, and have never returned to their previous levels.

Rowdy Behavior

¶4. (SBU) On Saturday, August 11, approximately 500 of the metal workers staged an unauthorized demonstration, severely disrupting traffic in central Hong Kong. (Note: Organizers are required to obtain a permit from the police for any public demonstration, parade, or rally in Hong Kong. The permits usually are issued, and it is unusual for anyone to demonstrate without a permit. End note.) Several consulate staff and other contacts witnessed the workers scuffle with police as they forced their way through hastily erected barriers to stage a "sit-down" protest. On Sunday, Police Commissioner Tang King-shing warned the strikers that any further "rowdy" behavior would lead to their arrest. Tang said he "understood" the workers' situation but would not tolerate further incidents. The deonstrations have continued, on a slightly smalle scale, every day since Saturday at a less congeted site in Kowloon.

Competing Unions

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¶5. (SBU) Also over the weekend, the 170,000-member, pro-democracy Confederation of Trade Unions (CTU), Hong Kong's other major labor organization, entered the dispute, apparently at the request of workers who were dissatisfied with the FTU's efforts on their behalf. The CTU criticized the FTU for negotiating with the employers, with HKG mediation, without informing the workers. CTU Secretary General and legislator Lee Cheuk-yan curtailed his vacation in Italy because of the dispute and publicly criticized the FTU for failing to consult the workers before accepting the employers' offer.

¶6. (C) On August 13, the striking workers angrily dismissed their FTU negotiators and asked Lee and the CTU to represent them. On August 14, the police rejected an application by legislator "Long Hair" Leung Kwok-hung and the strikers to march through Kowloon, citing potential traffic disruption and inconvenience to residents. As of August 15, the strike was in its seventh day and reportedly had affected about sixty construction sites. Neither side appeared willing to compromise. CTU Secretary General Lee told us on August 15 that the negotiations were deadlocked. He said the workers felt betrayed by the FTU and the strike had become a battle between the CTU and the FTU, which was trying to shift blame for the impasse to the CTU. Lee believed the strike would continue for at least another week.

¶7. (SBU) One of the workers' spokesmen said more than half of the 5,000 metal workers had lost confidence in the FTU. An FTU spokesman blamed the CTU for provoking the workers and claimed the employers group did not accept the CTU's representation of the workers. The Hong Kong Labor Department's Chief Labor Officer said she would continue to mediate and attempt to settle the dispute, and said the government would remain neutral. The HKBCA continues to claim that the pay raise demanded by the workers would force many construction companies to close.

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